

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON, D. C. 20224

Industry Circular No. 67-6

May 11, 1967

## RETURN OF TAX-EXEMPT CIGARS, CIGARETTES, CIGARETTE PAPERS, AND CIGARETTE TUBES TO FACTORY OR EXPORT WAREHOUSE

Manufacturers of tobacco products,  
manufacturers of cigarette papers and tubes,  
and proprietors of export warehouses:

The purpose of this industry circular is to discuss the return, to the factory or export warehouse, of cigarettes which have been removed under 26 CFR Part 290, without payment of the tax, for exportation. Recent experiences demonstrating the need for this industry circular involved cigarettes. However, the discussion is also applicable to cigars, cigarette papers, and cigarette tubes.

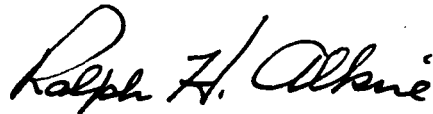
Regulations in 26 CFR 290.210 provide that a manufacturer or export warehouse proprietor may return to his factory or export warehouse cigarettes previously removed therefrom for export but not yet exported. Cigarettes which have been removed under 26 CFR Part 290 for delivery to a vessel or aircraft entitled to receive them as ships supplies are considered to have been "exported" when the vessel or aircraft, with the cigarettes aboard, has proceeded beyond the jurisdiction of the internal revenue laws of the United States (i. e. beyond the three-mile limit or international boundary, as the case may be). Likewise, cigarettes so removed for delivery to an exporting carrier for exportation are considered to have been exported when the exporting carrier, with the cigarettes aboard, has proceeded beyond the three-mile limit or international boundary. Therefore, a manufacturer or export warehouse proprietor may, under the regulations in 26 CFR 290.210, return cigarettes to his factory or export warehouse before they have been laden on the vessel, aircraft, or exporting carrier or after lading if the cigarettes have not been taken beyond the three-mile limit or international boundary. The Internal Revenue Service and the Bureau of Customs have concurrent jurisdiction over such cigarettes from the time they are delivered into customs custody or laden until they are actually exported.

Domestically-produced cigarettes which are returned unchanged to the United States after having been taken beyond the jurisdiction of the internal revenue laws of the United States are within the jurisdiction of the Bureau of Customs and subject to treatment under the Tariff Laws of the United States. Such cigarettes may under 26 CFR 275.85a

be released from customs custody without payment of that part of the duty attributable to the internal revenue tax for delivery to a tobacco products factory. The law and regulations do not provide for the return of such cigarettes to an export warehouse.

Generally, such cigarettes which have been returned to the United States are entered into customs custody. The release portion of the Form 2145, "Notice of Release of Cigars, Cigarettes, Cigarette Papers, or Cigarette Tubes", is to be executed by an authorized representative of the Bureau of Customs. However, if the cigarettes are in the custody of another agency of the United States, such as the armed forces, the release portion of the Form 2145 is to be executed by an authorized representative of such governmental agency.

Inquiries regarding this circular should refer to its number and should be addressed to the office of your Assistant Regional Commissioner, Alcohol and Tobacco Tax.



Ralph H. Alkire  
Acting Director, Alcohol and Tobacco Tax Division